

New Hampshire Tax Law Changes 2011-2016

Business Tax Law Changes 2011-2016

2011 Legislative Changes	Summary of Change	Effective Date of Change	Anticipated Revenue Impact
BET - Carry Forward Changes (HB 187, Ch. 225, L'11; SB 243, Ch. 192, L'14)	Increases the BET credit against BPT carry forward from 5 years to 10 years.	Effective July 1, 2014 and applicable to taxable periods ending on or after December 31, 2014.	An increase in the BET credit carry forward period could decrease revenue in future years if greater BET credits are accumulated, carried forward and used.
2014 Legislative Changes	Summary of Change	Effective Date of Change	Anticipated Revenue Impact
Economic Revitalization Zone Tax Credit Extension (SB 327, Ch. 139, L'14)	Allows unclaimed credit amounts to be carried forward to future years and extends the program from 2015 to 2020.	Effective August 15, 2014.	Allowing unclaimed ERZ tax credits to be carried forward could increase the amount of total tax credits issued in future years, resulting in decreased revenues. Extending the program to additional years will decrease revenue in those years when the program would have otherwise been repealed.
2015 Legislative Changes	Summary of Change	Effective Date of Change	Anticipated Revenue Impact
BET - Employee Leasing Company Election (SB 211, Ch. 216, L'15)	Allows an employee leasing company and client company to elect to make the client company solely responsible for paying business enterprise taxes with respect to leased employees.	Effective July 1, 2015 and applicable to taxable periods beginning on or after January 1, 2016.	Allowing a different taxpayer to include leased employee wages in their BET compensation factor could result in more, less, or the same amount of BET being paid depending upon the tax characteristics of the companies making the election.
BPT/BET - Tax Rate Reductions (SB 9, Ch. 274, L'15)	For taxable periods ending on or after December 31, 2016, the BPT rate is reduced to 8.2% and the BET rate is reduced to .72%. For taxable periods ending on or after December 31, 2018, the BPT rate is reduced to 7.9% and the BET rate is reduced to .675% contingent upon certain revenue benchmarks.	First rate reduction applicable to taxable periods ending on or after December 31, 2016. Second rate reduction applicable to taxable periods ending on or after December 31, 2018.	A decrease in the rate of the BPT/BET will result in decreased revenues.
R&D Tax Credit Increase (HB 2, Ch. 276, L'15)	Increases the R&D credits awarded each fiscal year from \$2,000,000 to \$7,000,000.	Effective July 1, 2017.	An increase to the total amount of tax credits issued could decrease revenue to the extent utilized.

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2016 Legislative Changes	Summary of Change	Effective Date of Change	Anticipated Revenue Impact
Internal Revenue Code Synchronization (SB 239, Ch. 295, L'16)	Synchronizes the NH BPT/BET to the IRC as of 12/31/2015 and increases NH's allowable IRC § 179 deduction from \$25,000 to \$100,000.	Applicable to taxable periods beginning on or after January 1, 2017.	By synchronizing to the IRC of 12/31/2015, NH adopts numerous federal tax provisions, some with a positive revenue impact and some with a negative revenue impact. Increasing the allowed IRC § 179 deduction is expected to result in increased deductions in the initial years of the change, which will be offset by decreased depreciation or amortization deductions in later years.
BPT Sale or Exchange Provisions (SB 342, Ch. 300, L'16)	Eliminates the addition to gross business profits currently required when an ownership interest in a business is sold or exchanged and provides that a taxpayer may make an election to make an addition to gross business profits and then depreciate the increased basis in later years.	Applicable to sales or exchanges occurring on or after January 1, 2016.	The elimination of a taxable transaction would be expected to decrease revenue. Any anticipated revenue decrease would be mitigated to the extent taxpayers elect to pay the tax (unless the election is made in a year when the taxpayer has sufficient deductions and credits to offset the tax).

Interest & Dividends Tax Law Changes 2011-2016

2012 Legislative Changes	Summary of Change	Effective Date of Change	Anticipated Revenue Impact
Taxation of Trusts (SB 326, Ch. 286:3 - 286:8, L'12)	Eliminates the taxation of trusts under the I&D Tax and shifts the tax burden to NH beneficiaries when distributions are made.	Applicable to taxable periods ending on or after December 31, 2013.	Reduction in I&D tax paid by trusts could be up to \$5.1 million (based on tax year 2012 I&D Tax paid by trusts). Would be partially offset by I&D tax paid by NH beneficiaries.

Real Estate Tax Law Changes 2011-2016

2015 Legislative Changes	Summary of Change	Effective Date of Change	Anticipated Revenue Impact
Lease Exemption (SB 232, Ch. 255, L'15)	Exempts leases from the RETT when the term of the lease is for less than 99 years, including all renewals.	Effective July 1, 2015.	The new exemption eliminated the RETT on some leases that the DRA treated as taxable, and thus would be expected to reduce revenue.

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2016 Legislative Changes	Summary of Change	Effective Date of Change	Anticipated Revenue Impact
New RETT Exemptions (HB 1656, Ch. 288, L'16)	Creates RETT exemptions when a transfer is without consideration and: (1) incidental to a change in form of organization, or (2) between an entity and the owner of the entity. Also amends the definition of "price or consideration" to provide that transfers made to obtain financing are not sufficient to make a transaction taxable under the RETT.	Applicable to exchanges taking place on or after June 21, 2016.	A number of the transactions exempted by HB 1656 were already treated as non-taxable under the existing statute, administrative rules, case law, and Department interpretation. However, some number of transactions will be newly exempted from the RETT, which would be expected to result in decreased revenues.

Tobacco Tax Law Changes 2011-2016

2016 Legislative Changes	Summary of Change	Effective Date of Change	Anticipated Revenue Impact
Premium Cigar Definition (HB 1503, Ch. 320 , L'16)	Alters the definition of "premium cigar" to eliminate the requirement that the item wholesale for \$2 or more to qualify as premium.	Effective July 1, 2016.	Currently, cigars that meet the definition of premium cigar except that they wholesale for less than \$2.00 are taxable. By removing the \$2.00 criterion, those cigars would now meet the definition of premium cigar and would be exempt from taxation.

Communications Service Tax Law Changes 2011-2016

2012 Legislative Changes	Summary of Change	Effective Date of Change	Anticipated Revenue Impact
Exclusion of Internet from CST (HB 1418, Ch. 279:4-8, L'12)	Excluded internet access from CST and prohibited DRA from enforcing any existing assessments.	Effective June 21, 2012.	Exclusion of internet access from the CST is expected to result in an immediate drop in revenue as well as a consistent drop over time as more services are provided via internet.